

(h) Funds subject to this section may not be held, invested, or reinvested in a manner that provides immediate financial or economic benefit or access to any person whose property and interests in property are blocked pursuant to § 560.211, nor may their holder cooperate in or facilitate the pledging or other attempted use as collateral of blocked funds or other assets.

§ 560.214 Expenses of maintaining blocked physical property; liquidation of blocked property.

(a) Except as otherwise authorized, and notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or contract entered into or any license or permit granted prior to the effective date, all expenses incident to the maintenance of physical property blocked pursuant to § 560.211 shall be the responsibility of the owners or operators of such property, which expenses shall not be met from blocked funds.

(b) Property blocked pursuant to § 560.211 may, in the discretion of the Office of Foreign Assets Control, be sold or liquidated and the net proceeds placed in a blocked interest-bearing account in the name of the owner of the property.

§ 560.215 Prohibitions on foreign entities owned or controlled by U.S. persons.

(a) Except as otherwise authorized pursuant to this part, an entity that is owned or controlled by a United States person and established or maintained outside the United States is prohibited from knowingly engaging in any transaction, directly or indirectly, with the Government of Iran or any person subject to the jurisdiction of the Government of Iran that would be prohibited pursuant to this part if engaged in by a United States person or in the United States.

NOTE TO PARAGRAPH (a) OF § 560.215: If a transaction is exempt from the prohibitions of this part if engaged in by a U.S. person, it would not be prohibited for an entity that is owned or controlled by a United States person and established or maintained outside the United States (a “U.S.-owned or -controlled foreign entity”) to engage in the transaction to the same extent that it would

not be prohibited for the U.S. person to engage in the transaction and provided that the U.S.-owned or -controlled foreign entity satisfies all the requirements of the exemption. *See also* § 560.556 of this part for a general license authorizing a U.S.-owned or -controlled foreign entity to engage in a transaction otherwise prohibited by § 560.215 that would be authorized by a general license set forth in or issued pursuant to this part if engaged in by a U.S. person or in the United States, subject to certain exclusions. Finally, if a transaction prohibited by § 560.215 is one for which a U.S. person might apply for a specific license—for example, the exportation of medical devices to Iran—a U.S.-owned or -controlled foreign entity may apply for a specific license to engage in the transaction.

(b) *Definitions:* (1) For purposes of paragraph (a) of this section, an entity is “owned or controlled” by a United States person if the United States person:

(i) Holds a 50 percent or greater equity interest by vote or value in the entity;

(ii) Holds a majority of seats on the board of directors of the entity; or

(iii) Otherwise controls the actions, policies, or personnel decisions of the entity.

(2) For purposes of paragraph (a) of this section, the term *knowingly* means that the person engages in the transaction with actual knowledge or reason to know.

(3) For purposes of paragraph (a) of this section, a person is “subject to the jurisdiction of the Government of Iran” if the person is organized under the laws of Iran or any jurisdiction within Iran, ordinarily resident in Iran, or in Iran, or owned or controlled by any of the foregoing.

NOTE TO PARAGRAPH (b) OF § 560.215: *See* § 560.304 of this part for the definition of the term *Government of Iran*.

(c) The prohibition in paragraph (a) of this section does not apply to any activity relating to a project:

(1) For the development of natural gas and the construction and operation of a pipeline to transport natural gas from Azerbaijan to Turkey and Europe;

(2) That provides to Turkey and countries in Europe energy security and energy independence from the Government of the Russian Federation and the Government of Iran; and